

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: 5/1/17 to 5/31/17

MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit / Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements			Available upon request	
Cash disbursements journals			Available upon request	
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Post-petition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Post-petition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

See accompanying notes on following page.

Note:

The financial information provided in this Monthly Operating Report ("MOR") is provided based on the best information available, the source of which is unaudited and untested. If the books and records were audited or tested further, the information provided may differ from that presented in this MOR, possibly by material amounts.

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual*

Date

Robert S. Rosenfeld

Chief Restructuring Officer

Printed Name of Authorized Individual

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

In re:

Chapter 11

DOWLING COLLEGE

Case No. 16-75545 (REG)

Debtor.

**GLOBAL NOTES REGARDING
DEBTOR'S MONTHLY OPERATING REPORT**

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in this chapter 11 case and is in a format acceptable to the United States Trustee. The financial information contained in the MOR is preliminary and unaudited, and as such may be subject to revision. The information in the MOR should not be viewed as indicative of future results.

The accompanying Preliminary Unaudited Financial Statements of Dowling College have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America using information from the Debtor's accounting sub ledger and general ledger systems.

While Debtor's management has made reasonable efforts to ensure that the MOR is accurate and complete, based upon information that was available to them at the time of preparation, subsequent information may result in material changes to the MOR. Moreover, because the MOR contains unaudited information, which is subject to further review and potential adjustment, there can be no assurance that this MOR is complete. The Debtor reserves all rights to amend the MOR from time to time, in all respects, as may be necessary or appropriate. These global notes regarding the Debtor's MOR ("Global Notes") comprise an integral part of the MOR and should be referred to and considered in connection with any review of the MOR.

Specific Notes.

Endowment Funds. Temporarily restricted net assets consist of various donor-restricted amounts for academic programs, scholarships, and revenue for future periods (i.e., contributions receivable and accumulated gains on endowment funds). Permanently restricted net assets represent endowment corpus, which provides investment income principally for scholarships. Dowling's endowment consists of approximately 55 individual funds established for a variety of purposes, including donor-restricted endowment funds.

Dowling's management and investment of donor-restricted endowment funds is subject to the provisions of New York Prudent Management of Institutional Funds Act (NYPMIFA). Pursuant to the investment policy approved by the board of trustees of Dowling, Dowling has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund, as Dowling deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Dowling records the remaining portion of the donor-restricted endowment fund that is not permanently restricted, as temporarily restricted until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Levied Bank Accounts. Prior to the Petition Date, the Debtor's funds on deposit at TD Bank, NA (approximately \$506,000) that were included in 4 separate bank accounts were removed from the accounts and placed in separate holding accounts by TD Bank, NA in accordance with its internal procedures and following receipt of certain Restraining Notices served pursuant to NY CPLR Section 5222(b) filed by certain prepetition judgment creditors. Included in these restrained funds may have been certain restricted funds. Consistent with the Final Cash Management Order referred to above, the Debtor is in the process of evaluating the restrictions on these funds. The Debtor has made written demand for turnover of these funds from TD Bank, NA. In February 2017, TD Bank reinstated three of the levied accounts to their pre-levied balances in the original bank accounts from where the funds were removed. For the fourth account, TD Bank remitted a check to the Debtor in the amount of the pre-levied balance. Upon receipt of these funds, the Debtor transferred these funds to four new DIP accounts maintained at Signature Bank in the same amounts and titles of the accounts that were maintained at TD Bank.

Sale of Residential Properties. Pursuant to Court Order, during December 2016, January 2017, April 2017, and May 2017 the Debtor sold 10 residential properties located near the Oakdale, Long Island Campus. In accordance with the Court Order, the net proceeds (after closing costs and realtor commissions relating to these sales) were paid directly to the secured lender that held the lien on these properties. Following is a summary of the funds relating to these sales:

		# of sales	Total Sales Price	Cost of Sales (1)	Paid to Secured Lender
2016	December	5	1,594,500.00	78,048.53	1,516,451.47
2017	January	3	1,143,000.00	30,271.63	1,112,728.37
2017	April	1	610,000.00	29,457.51	580,542.49
2017	May	1	394,000.00	15,336.20	378,663.80
		10	3,741,500.00	137,777.67	3,209,722.33

(1) Includes realtor commissions and other closing costs.

Since the proceeds and costs relating to the sales did not flow through the Debtor's bank accounts, the Debtor has included a column in schedule MOR-1 that reports the cash flow relating to these sales. The single transaction that occurred in May 2017 has been included in the Debtor's May 2017 MOR.

Self-Insured Medical and Dental benefit plan. The Debtor maintained self-insured employee medical and dental benefit plans (the "Health Plans"). Under the provisions of the Health Plans, two third party administrators, CIGNA and Health Plex, provided claims processing and administrative functions, for the Medical and Dental coverage, respectively. Upon the closing of the Debtor's operations in June 2016, this Health Plan was terminated. The U.S. Department of Labor is in the process of evaluating the outstanding unpaid claims under these Health Plans. As of the Petition Date, the Debtor was unable to quantify the total amount of claims to be potentially asserted in relation to the termination of the Health Plans due to, among other reasons, the fact that many claims may be unqualified for coverage or disallowed under the Health Plan. In addition, the Debtor's, former third party administrators ("TPA's") of the Health Plans have stated that they will not agree to process the associated claims. Finally, the Debtor is presently unable to determine which parties actually hold the claims for monetary loss associated with the Health Plans termination, if any. Until further analysis can be performed, the Debtor has disclosed this issue herein, without quantification of the amounts due.

Rent ReceivableBrookhaven Residential Village

Shirley, Long Island Campus Dorm – The Debtor currently leases out its dorm located on its Shirley campus to SUNY – Stony Brook (“Stony Brook”). The lease provides for a rental charge per semester based on a rental rate applied to a minimum guaranteed number of beds occupied. The rental amounts is subject to further increases based on actual beds occupied during a certain period during the semester. The Debtor is responsible for paying for operating expenses of maintaining the dorm. The lease is due to expire after the second semester of 2017. The Debtor is exploring extension of the lease for future periods with Stony Brook. Under the terms of the lease agreement the Debtor billed the tenant for an initial billing on February 15, 2017, based on the minimum number of beds occupied, plus a \$40,000 damage deposit to be returned to Stony Brook at the end of the semester if not utilized. The total amount billed to Stony Brook on February 15th was approximately \$563,000. This amount was reduced by Stony Brook by approximately \$79,000, due to the Debtor’s obligation to pay for mandatory fire law improvements on the dorm. On February 28, 2017, Stony Brook mailed its rent payment of approximately \$484,000 (including the \$40,000 damage deposit) to UMB, as Trustee of the bonds issued on the Shirley dorm and as Agent for the debtor-in-possession financing. The UMB Trustee deposited the rent check in its accounts and applied the same as against the amount owed under the applicable financing. Under the terms of the interim DIP financing arrangement, proceeds received from rent payments would be required to used as a mandatory paydown based on a waterfall formula prescribed in the DIP Financing Agreement. During March 2017, UMB remitted the \$40,000 damage deposit back to the Debtor as these funds are to be held by the Debtor for the benefit for Stony Brook. The funds are currently maintained in a tenant security deposit account at Capital One Bank.

Oakdale Residential Houses - Tenant Receivables

As of May 31, 2017, the Debtor maintained 5 houses that were occupied by holdover tenants under what were most recently month to month lease arrangements. During the liquidation process, the Debtor has determined that it will need to vacate the holdover tenants occupying these houses in order to maximize the liquidation value of the same. As landlord, the Debtor has commenced the process of vacating the holdover tenants in these properties.

Student Receivables

The Debtor continues to evaluate the collectability of its receivables due from former students of the College. The Debtor’s balance sheet may not reflect the ultimate realization experience of such receivable balances. The Debtor continues to explore ways to maximize value of these receivables.

Pending Litigation

The Debtor is subject to lawsuits and claims that arise out of its operations in the normal course of business. The Debtor is a defendant in various litigation matters, some of which

involve claims for damages that are substantial in amount. The Debtor believes it has meritorious defenses to the claims made and intends to contest the claims vigorously. Currently, the Debtor is unable to express an opinion as to the likely outcome of this litigation; therefore, as required by authoritative accounting guidance, no liabilities are reflected in the accompanying unaudited financial statements related to these claims. An unfavorable outcome could have a materially adverse effect on the Debtor's financial position and results of operations.

In re: Dowling College
Schedule of Cash Receipts and Disbursements

MOR-1
CASE NO. 16-75545 (REG)
REPORTING PERIOD: MARCH 2017

	BANK ACCOUNTS											
	Signature - Operating - 5448	Signature - TL A- 5456	Signature-TL B- 5464	Signature - TL C- 5472	Signature - TL D- 5480	Signature-Flex Spending Acct- 3912 (1)	Signature - Student Activity Acct - 3947 (1)	Signature-Sewage Treatment Replacement Acct- 3920 (1)	Signature-Sewage Treatment Reserve Acct - 3939 (1)	Capital One-6182 (2)	US Bank -1467 (4)	Cash Activity occurring through UMB through Residential Sales (3)
CASH BEGINNING OF PERIOD	\$ 32,860	\$ 32,153	\$ 3,812	\$ 2,583	\$ 56,632	\$ 16,157	\$ 368,199	\$ 60,516	\$ 60,560	\$ 78,320	\$ 279,393	\$ -
RECEIPTS												
Cash Receipts	\$ 17,205											
Perkins Loan Repayments and charges											\$ 120,375	
Net Transfers From/(To) Accounts	762,077	(131,787)	(34,338)	(81,238)	(514,715)							
DIP Funding		123,267	31,825	80,519	502,343							
Proceeds from sale of real estate												604,942
Receipt of security deposits from tenants												
Voided checks												
Other										(4,382)		
Total Receipts	\$ 779,283	\$ (8,520)	\$ (2,513)	\$ (719)	\$ (12,372)	\$ -	\$ -	\$ -	\$ -	\$ (4,382)	\$ 120,375	\$ 604,942
DISBURSEMENTS												
Payroll & Benefits	67,005											
Telephone and cable	9,110											
Outside Services	6,654											
Landscaping & Snow Removal	-											
Utilities	55,376											
Security	69,123											
Fire & Safety	12,414											
Repairs & Maintenance	19,150											
Insurance	35,058											
Chemical Removal												
Waste Removal	1,785											
Sewage Treatment	4,212											
Property Taxes	76,508											
Permits & licenses												
Payroll Processing	5,645											
Union Benefits	321											
Computer expense	18,500											
Office Supplies	-											
Finance Fees	-				-							
Debt Paydowns												580,542
Retained Professionals	259,536											
Claims Noticing Agent	19,297											
Interim Management-CRO	95,464											
Bank Charges												
Storage	4,819											
Other	2,102											
Return of Tenant security deposits												
Real estate cost of sales												24,400
US Trustee Fees	-											
Other Bankruptcy Related Charges	-											
Total Disbursements	\$ 762,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 604,942
Net Cash Flow	\$ 17,205	\$ (8,520)	\$ (2,513)	\$ (719)	\$ (12,372)	\$ -	\$ -	\$ -	\$ -	\$ (4,382)	\$ 120,375	\$ -
Cash - End Of Period⁽⁴⁾	\$ 50,065	\$ 23,633	\$ 1,299	\$ 1,864	\$ 44,260	\$ 16,157	\$ 368,199	\$ 60,516	\$ 60,560	\$ 73,938	\$ 399,768	\$ -

(1) Debtor is currently investigating if these funds are restricted.

(2) Bank accounts maintained for tenant security deposits.

(3) Pursuant to Court Order, proceeds from the sale of the Debtor's residenital real estate located in Oakdale, NY were paid directly to the secured lender that held the liens on these properties.

Since the funds were paid directly to the lender and third parties, no funds related to these transactions flowed through the Debtor's bank accounts.

(4) Bank account relates to Perkins Title IV loan proceeds, repayments, and other charges to students relating to federal loan funding. Student loan repayment activity is managed by a third party servicer that tracks repayments and funds deposited into the US Bank account.

In re: Dowling College
Schedule of Cash Receipts and Disbursements

MOR-1
CASE NO. 16-75545 (REG)
REPORTING PERIOD: MARCH 2017

	CURRENT PERIOD	CUMULATIVE FILING TO DATE
	ACTUAL	ACTUAL
CASH BEGINNING OF PERIOD	\$ 991,184	\$ 1,045,272
RECEIPTS		
Cash Receipts	17,205	598,616
Perkins Loan Repayments and charges	120,375	120,375
Net Transfers From/(To) Accounts	-	(0)
DIP Funding	737,954	3,419,354
Proceeds from sale of real estate	604,942	3,947,385
Receipt of security deposits from tenants	-	40,000
Voided checks	-	7,136
Other	(4,382)	22,052
Total Receipts	\$ 1,476,095	\$ 8,154,918
DISBURSEMENTS		
Payroll & Benefits	67,005	330,547
Telephone and cable	9,110	93,387
Outside Services	6,654	27,338
Landscaping & Snow Removal	-	76,243
Utilities	55,376	433,625
Security	69,123	472,984
Fire & Safety	12,414	72,116
Repairs & Maintenance	19,150	104,375
Insurance	35,058	243,674
Chemical Removal	-	41,501
Waste Removal	1,785	8,530
Sewage Treatment	4,212	21,127
Property Taxes	76,508	164,271
Permits & licenses	-	484
Payroll Processing	5,645	9,309
Union Benefits	321	3,529
Computer expense	18,500	19,574
Office Supplies	-	2,713
Finance Fees	-	116,000
Debt Paydowns	580,542	4,338,826
Retained Professionals	259,536	547,092
Claims Noticing Agent	19,297	125,987
Interim Management-CRO	95,464	525,396
Bank Charges	-	1,012
Storage	4,819	19,098
Other	2,102	11,806
Return of Tenant security deposits	-	23,437
Real estate cost of sales	24,400	223,388
US Trustee Fees	-	17,875
Other Bankrutpcy Related Charges	-	24,686
Total Disbursements	\$ 1,367,020	\$ 8,099,931
Net Cash Flow	\$ 109,075	\$ 54,987
Cash - End Of Period⁽⁴⁾	\$ 1,100,259	\$ 1,100,259

In re: Dowling College
Bank Reconciliations

CASH AND MARKETABLE SECURITIES									
	Signature - Operating - 5448	Signature - TL A- 5456	Signature-TL B- 5464	Signature - TL C- 5472	Signature - TL D- 5480	Capital One-6182 (2)	Signature-Flex Spending Acct- 3912	Signature - Student Activity Acct - 3947	
Balance Per Bank	\$ 175,846	\$ 23,633	\$ 1,299	\$ 1,864	\$ 44,260	\$ 73,938	\$ 16,157	\$ 368,199	
Deposits in Transit	-	-	-	-	-				
Outstanding Checks and Charges	(125,782)								
Other (List)	-	-	-	-	-				
Balance per Books	50,065	23,633	1,299	1,864	44,260	73,938	16,157	368,199	

See Notes on MOR-1

**In re: Dowling College
Bank Reconciliations**

	Signature-Sewage Treatment Replacement Acct- 3920	Signature-Sewage Treatment Reserve Acct - 3939	US Bank -1467 (4)	Total
Balance Per Bank	\$ 60,516	\$ 60,560	\$ 399,768	\$ 1,226,040
Deposits in Transit				\$ -
Outstanding Checks and Charges				\$ (125,782)
Other (List)				\$ -
Balance per Books	60,516	60,560	399,768	1,100,258

See Notes on MOR-1

MOR-1b

MOR 2

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: 5/1/17 to 5/31/17

STATEMENT OF OPERATIONS

(Income Statement)

UNAUDITED

	May 2017	CUMULATIVE FILING TO DATE
<u>Income</u>		
Rental Income	\$ 72,698	\$ 562,511
Charges on Student billing & Other Income	2,106	7,683
Total Income	<u>74,804</u>	<u>570,194</u>
<u>Expenses:</u>		
Gross Payroll	41,668	314,166
Bank Charges	-	1,575
Brookhaven Dorm Maintenance	9,978	45,778
Employee Benefits	(296)	(245)
Environmental - Phase I	-	2,500
Fire & Safety Maintenance	12,504	74,243
Licenses & Permits	-	544
Payroll Tax Expense	3,166	24,117
Real Estate Taxes	14,627	194,202
Repair & Maintenance	12,571	57,755
Security	69,078	545,049
Sewage Treatment	4,212	17,785
Telephone & Cable	9,189	52,771
Union Dues	264	3,141
Office Supplies	126	3,320
Computer Supplies & expense	18,500	19,574
Electric/Gas	46,922	461,436
Fuel Oil		13,677
Water	2,123	10,051
Insurance Expense	31,137	223,769
Waste Removal	1,785	8,530
Snow Removal	-	66,505
Grounds Maintenance	3,120	12,858
Chemical Waste Removal	-	39,001
Payroll Processing	5,645	9,190
Storage	4,500	18,760
Taxes & Licenses	109	424
Misc. Expense	292	4,035
Outside services	-	14,372
Temporary Help	8,174	17,712
Total Expense	<u>299,396</u>	<u>2,256,596</u>
Net Ordinary Income	(224,592)	(1,686,402)
<u>Other Income:</u>		
Gain on Sale of Resid. Houses	378,664	3,183,995
Marketing cost on sale of real estate		(66,268)
Interest & Dividends Earned	639	3,451
Change in Unrealized Gain/Loss	-	67,383
Miscellaneous Income	4,000	9,276
Total Other Income	<u>383,303</u>	<u>3,197,837</u>

MOR 2

In re: Dowling College

Case No. 16-75545 (REG)
 Reporting Period: 5/1/17 to 5/31/17

STATEMENT OF OPERATIONS
 (Income Statement)
UNAUDITED

	May 2017	CUMULATIVE FILING TO DATE
<u>Other Expense</u>		
Professional Fees - Chapter 11	187,366	1,139,713
Claims Noticing Agent	19,297	194,025
Bankruptcy Advertising Costs	-	24,686
US Trustee Fees	-	17,875
Site Planner Consulting expense	3,995	45,684
Financing Fees	-	120,058
Bond Agent Administration expense	-	15,214
Interim Management-CRO	87,750	629,449
Total Other Expense	298,408	2,186,703
Net Other Income	84,895	1,011,134
Net Income	\$ (139,697)	\$ (675,268)

See Notes to Financial Statements.

MOR 3

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: May 31, 2017

**BALANCE SHEET
UNAUDITED**

	Current Month	As of Filing Date
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 1,100,449	\$ 1,045,272
Rent Receivable	100,400	64,105
Accounts Receivable-Other	165,907	165,907
Pledges Receivable	1,798,341	1,798,341
Prepaid Expense	693,936	753,091
Prepaid Retainers	48,520	258,659
Other current assets	22,227	-
Student Receivables-net of allowance	750,830	848,807
Total Current Assets	4,680,611	4,934,183
Plant assets, net	48,715,407	49,102,183
<u>Other Assets</u>		
Closing Costs - Bonds	2,279,438	2,279,438
Perkins Loans Receivable	1,892,212	1,962,610
Investments	5,858,598	5,789,365
Deposits	36,500	36,500
Total Other Assets	10,066,748	10,067,913
Total Assets	\$ 63,462,766	\$ 64,104,279
<u>LIABILITIES & EQUITY</u>		
<u>Liabilities - Not Subject To Compromise</u>		
Accounts Payable	\$ 62,151	\$ -
Accrued Expenses-other	104,451	-
Accrued Professional Fees	521,353	-
<u>DIP Financing- Post petition loans:</u>		
DIP-Term Loan A	1,175,963	-
DiP-Term Loan B	236,019	-
DIP-Term Loan C	248,049	-
DIP - Term Loan D-Admin	1,759,323	-
Total DIP Financing- Post petition loans	3,419,354	-
Total Liabilities-Not Subject to Comp	4,107,308	-
<u>Liabilities-Subject to Compromise</u>		
Accounts Payable	3,977,628	3,909,307
Accrued Expenses	5,083,140	5,083,140
Other payables	91,000	91,000
Deferred Rental Income	80,491	80,491
Tenant Security Deposit Payable	73,938	62,308
Perkins A/P	1,774,033	1,774,874
Total Bonds Payable-Subject to Compromise	49,756,589	53,853,537
Total Liabilities subject to compromise	60,836,819	64,854,657
Total Liabilities	64,944,127	64,854,657
Fund Balance	(1,481,362)	(750,379)
Total Liabilities and Equity	\$ 63,462,766	\$ 64,104,279

See Notes to Financial Statements.

In re: Dowling College

MOR-4

Case No. 16-75545 (REG)

Reporting Period: 5/1/17 to 5/31/17

STATUS OF POSTPETITION TAXES

Federal	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No.	Ending Tax Liability
Withholding	No payroll tax liability. Gross payroll amount is remitted to the Payroll Service Company for the payment to the					
FICA-Employee	appropriate taxing authority.					
FICA-Employer						
Unemployment						
Income						\$ -
Other						-
Total Federal Taxes	\$ -	\$ -	\$ -			\$ -
State and Local						
Withholding	See Note Above					
Sales & Use						\$ -
State Income Tax						-
Excise						-
Unemployment						-
Real & Personal Property						-
Other						-
Total State and Local	-	-	-			-
Total Taxes	\$ -	\$ -	\$ -			\$ -

SUMMARY OF UNPAID POSTPETITION DEBTS (1)

Attach aged listing of accounts payable.

Number of Days Past Due	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable (2)	\$ 62,151					\$ 62,151
Wages Payable						-
Taxes Payable						-
Rent/Leases - Building						-
Rent/Leases - Equipment						-
Secured Debt/Adequate Protection Payments	3,419,354					3,419,354
Professional Fees (3)	521,353					521,353
Amounts due to Insiders*						-
Other - Accruals and deposits payable	104,451					104,451
Total Postpetition Debts	\$ 4,107,308	\$ -	\$ -	\$ -	\$ -	\$ 4,107,308

(1) Excludes liabilities recorded for deferred income or other accounting recognition adjustments.

(2) Includes consultants, such as site planner and claims servicer retained through bankruptcy court and fees subject to court order payment procedures.

(3) Subject to court order payment procedures.

* "Insider" is defined in 11 U.S.C. Section 101(31).

MOR-5

In re: Dowling College

Case No. 16-75545 (REG)

Reporting Period: 5/1/17 to 5/31/17

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		
Net Accounts Receivable at the beginning of the reporting period		\$ 848,807
+ Amounts billed during the period		
- Amounts collected during the period		\$ 97,978
- Allowances, Reserves & Write-Offs		
Net Accounts Receivable at the end of the reporting period		\$ 750,830
Accounts Receivable Aging (Gross)		
0 - 30 days old		
31 -60 days old		
61 - 90 days old		
91+ days old		\$ 3,448,229
Adjustments & Write-Offs		
Total Accounts Receivable (Gross)		
- Unapplied Cash		
- Bad Debt Reserve		\$ 6,259,482
- Sales Return Reserve		
- Sequester Reserve		
- Contractual Allowances		
+ Other AR Activity		
Accounts Receivable (Net)		\$ 9,707,711

Note: The Accounts Receivable includes many small balances due from former students dating back to when the College was operating. The Debtor continues to evaluate these receivables and determine the net realizability of such accounts.

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below (1)	X	
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below. (1)	X	
3. Have all post petition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). (2)	X	

(1) During May, the Debtor sold 1 residential property for net proceeds of approximately \$605,000. Pursuant to Court Order, the proceeds were paid directly to the secured lender which held liens on those properties.

(2) During May, the Debtor opened an additional bank account at Signature Bank for the purpose of holding proceeds from the Oakdale Campus Sale. That sale did not close during May, so the the account currently has no funds on deposit.